



Forgive and Forget or Forever in Debt

The plethora of elections in 2020 at the federal, state and local level provide lots of opportunity for vigorous ‘kitchen table’ conversations about political issues. For college students, it’s likely that the issue of student loan debt comes up frequently in these discussions. What are the total costs for an entire semester? How much money do you have available on your own for these costs, how much might need to be borrowed, and from which lending program? Will the student’s career path support a comfortable loan repayment schedule?

For students, **accessing** a student loan isn’t so much the problem as is **paying off** the loan. There are a variety of loan programs and many different types of loans available for students in all demographics. When it comes to paying off the loans, Forbes estimates that there are approximately 45 million student borrowers with a cumulative debt of \$1.5 trillion. There are many obstacles to paying off the loan debt. To name a few, the rate of wage increase trails the rate of inflation, technology innovation regularly impacts jobs (either changing or totally eliminating them), and loan eligibility may encourage a student to borrow an amount unrealistic for easy repayment. Bottom line, the reasons for student loan debt are as individual and varied as the students themselves.

The presidential candidates from all parties have made various proposals of how to deal with this issue. Your team must research the current state of student loan debt and the solutions that have been proposed by presidential candidates (or other individuals) for solving the current crisis. This research should also provide you with ideas as to how to reduce the amount of debt for future students. Your team should address the following in your solution:

1. Utilizing mathematical modeling, what are the results of a Cost-Benefit Analysis of various proposals for reducing the current student loan debt? If you were running for office, what solution would you put forward?
2. Understanding the current situation should provide you with ideas for minimizing the debt in the future. What are some changes you would suggest for reducing loan debt for future students? If the changes you suggest are not your original ideas, you must acknowledge the person whose idea it is.

